

Marriott Vacation Club International of Aruba Cooperative Association

Annual Meeting

May 21, 2010

The Annual Meeting of the Marriott Vacation Club International of Aruba Cooperative Association was held on Friday, May 21, 2010, in Salon B at the Aruba Marriott Resort & Stellaris Casino, 101 L.G. Smith Boulevard, Palm Beach, Aruba.

Present from the Board of Directors were: Frank Knox, President; Stevan Richards, Vice President; Melissa Pericolosi, Secretary/Treasurer; and Anthony Lifrieri, Director.

Advisors to the Board present were: Nancy Sylvester, Professional Parliamentarian; Antonio Carlo and Milly Schwengle, Association legal counsels.

Present from Marriott Vacation Club® International were: Dirk Schavemaker, Senior Vice President Customer Experience; Troy Asche, Regional Vice President Customer Experience-Florida and Caribbean Region; Dave D'Amato, Area Director Finance-North American Timeshare Operations (NATO) Florida; Paul Gremel, Market Director Finance-NATO Operations Caribbean, Corey Guest, Aruba Ocean Club General Manager; Ricardo Vrolijk, Aruba Ocean Club Director of Finance; John Douglas, Aruba Marriott Resort Complex Director of Finance; Kevin Schwab, Aruba Marriott Resort Complex Vice President and General Manager; and Scott Derrickson, Aruba Surf Club General Manager Gail Sahit, Aruba Ocean Club Executive Administrative Assistant acting as Recording Secretary

Owners present were as evidenced by the sign-in sheets to be attached to the approved minutes of record.

CALL TO ORDER

Frank Knox, President, called the meeting of the Marriott Vacation Club International of Aruba Cooperative Association to order at 9:41 a.m., Eastern Standard Time and stated that Owners were given 3x5 index cards during registration and to complete those and turn them in to the Tellers during the meeting as they will be used during the Question and Answer Session to be held after the meeting adjourned.

ESTABLISHMENT OF QUORUM

Mr. Knox announced that quorum requires that 25% of voting interest be represented in person or by proxy or 5,989 shares. Quorum was met with a total of 7,474 (A and B) shares represented. Mr. Knox stated that all proxies had been verified and the notarized Affidavit of Voting Proxies is on file with the Association Records.

A motion was made by Melissa Pericolosi that the list of Owners and Proxies submitted be the official list of voting members for the 2010 Annual Meeting. The motion was seconded by Anthony Lifrieri.

Allan Cohen, Owner, stated his objection to the change in the proxy form this year and the fact that information accompanying the proxy form did not inform the members of the change. Troy Asche addressed the issue that the current proxy form used is a standard across all Marriott Vacation Club properties. The proxy form for Aruba Ocean Club was changed two years ago as a test to increase owner involvement and no notice was issued at that time. No significant impact was realized for this test proxy so it was changed back to the standard template and no notice was issued. Allan Cohen then requested that the Board of Directors reconsider their decision to not accept proxies for the election. The President called for a Stand at Ease while the Board of Directors discussed the issue and consulted with the Association's local legal counsels.

Steve Richards explained that the Board of Directors had decided, based upon advice from the Association's legal counsels, that due to current litigation against the Association and the Board's fiduciary responsibility, the Board needs to follow the rules and cannot reconsider their decision.

The motion to recognize the official list of voting members for the 2010 Annual Meeting was adopted by a majority of the total votes represented at the meeting.

Leonard Kennedy, Owner, then spoke and stated that he wanted written in the Meeting Minutes a “notice to the reader” that the proxy was changed back to the standard template should have been included in the 2010 Annual Meeting Package that was sent to all Owners.

Mr. Knox stated that the majority of the voting interest present, which is the number needed to take action at this meeting, is 3,738.

ESTABLISHMENT OF MEETING RULES

Mr. Knox stated that meeting rules were distributed during registration and explained that the purpose of the meeting rules was to ensure that this meeting is run fairly and all members have equal rights that are protected during the meeting. Mr. Knox called for a motion for adopt the meeting rules.

A motion was made by Melissa Pericolosi to adopt the meeting rules as distributed. The motion was seconded by Anthony Lifrieri. Mr. Knox stated that the parliamentary authority, *Robert’s Rules of Order* requires a two-thirds vote for adoption of the meeting rules. The motioned carried with a two-thirds affirmative vote.

ELECTION OF CHAIRPERSON

As outlined in 17.6 of the Articles of Association and 5.10 of the Bylaws the Annual Meeting of the Members shall be chaired by the President of the Association.

APPOINTMENT OF RECORDING SECRETARY

Mr. Knox appointed Gail Sahit, Executive Administrative Assistant, as Recording Secretary.

APPROVAL OF AGENDA

Mr. Knox called for a motion for approve of the Agenda as distributed.

A motion was made by Melissa Pericolosi to approve the Agenda as distributed. The motion was seconded by Steve Richards and carried by a majority of the total votes represented at the meeting.

The Board Members and the Management Team were called upon to introduce themselves.

Mr. Knox introduced Nancy Sylvester, Professional Parliamentarian, and Antonio Carlo, and Milly Schwengle, Association legal counsels. Mr. Knox stated that the Association may seek the advice of these three advisors to ensure the meeting is conducted properly and objectively and with transparency according to the Association’s Governing Documents and *Robert’s Rules of Order*.

APPROVAL OF 2009 ANNUAL MEETING AND 2010 SPECIAL MEETING MINUTES

A motion was made by Steve Richards to approve the 2009 Annual Meeting Minutes. The motion was seconded by Melissa Pericolosi.

Allan Cohen objected and raised an issue that he believed the accuracy of the votes recorded in the 2009 Annual Meeting Minutes are incorrect. Discussion followed and Dirk Schavemaker addressed the issue assuring Mr. Cohen that the numbers were correct.

Mr. Knox called for the vote to approve the 2009 Annual Meeting Minutes and the motion was carried by a majority of the total votes represented at the meeting

A motion was made by Melissa Pericolosi and seconded by Anthony Lifrieri to approve the minutes of the January 16, 2010 Special Meeting as printed and distributed to the attendees.

Alan Cohen moved to include in the minutes a sentence stating that ‘Corey Guest had indicated in the meeting that he had not contacted the local newspaper regarding an advertisement placed in there by the “Aruba Ocean Club (AOC) Concerned Owners Group”. The motion was seconded by Leonard Kennedy. Dirk Schavemaker provided historical background and that when this issue was raised the company thoroughly looked into the matter fully and it was found that the local newspaper had discontinued the ad on their own. This

was also confirmed in a letter from the newspaper stating why they, at their own decision, discontinued the advertisement.

The motion to amend the minutes failed by a vote of 1390 “For” and 6134 “Against”.

Mr. Knox called for the vote to approve the 2010 Special Meeting Minutes and the motion was carried by a majority of the total votes represented at the meeting

APPOINTMENT OF INSPECTOR OF ELECTION

Mr. Knox appointed Scott Derrickson to serve as Inspector of Election and appointed Mr. Wright, Aruba Ocean Club Owner; Desiree Bikker, Aruba Ocean Club Front Office Manager, Lisette Bouwman, Aruba Marriott Resort Executive Administrative Assistant, Freya Kraag, Aruba Surf Club Executive Administrative Assistant, and Lillian Britten, Aruba Ocean Club Director of Rooms Operations, as Tellers to assist in the vote count.

Mr. Knox called for additional nominations from the floor for the A-Member Director. There being none, Mr. Knox stated the names of the candidates for the two A-Director positions were: Thomas Bonville, James Fanning, Melissa Pericolosi and Stevan Richards.

Mr. Knox explained that to increase the accuracy of the vote count, ballot cards, received at registration, would be used. The purple ballot card was used for votes for the first candidate for A-Director. The green ballot card was used for votes for the second candidate for A-Director. Mr. Knox further stated that plurality voting applied as outlined in Article 5.3 of the Bylaws.

Mr. Knox stated the name of each candidate for the two A-Member elections and asked Owners to raise their purple or green ballot cards for the candidates of their choice. Ballot cards were collected by the Tellers, put into envelopes, sealed and handed to the Inspector of Election.

BOARD OF DIRECTORS REPORT

Mr. Knox called on Vice President, Steve Richards, to provide a recap of the property’s recently completed interior renovations as well as the improvements made to the Association managed Aruba Ocean Club website.

PROPERTY MANAGEMENT REPORT

Mr. Knox called on Corey Guest, General Manager, to present the Property Management Report. Highlights included:

- Guest Satisfaction Survey results year-to-date 2010 as compared to same time prior year are:

	2010 YTD (Through April)	2009 YTD (Through April)
Overall Satisfaction	90.8	85.1
Condition: Furn. & Decor	92.9	60.6
Everything in working Order	85.6	72.6
Villa Cleanliness	92.5	80.9
Overall Resort Cleanliness	92.2	87.5
Well Maintained Facilities	91.7	80.6
Resort Associate Friendliness	95.1	92.3
The Weather	96.9	83.0

- Occupancy percentages continue to run in the mid-nineties for the year
- Major Property enhancement projects and changes over the past year included complete interior renovation, new Front Office and Housekeeping Managers, outsourcing of concierge which benefits the Association in reducing costs, added arrival and departure day, ‘cartless’ Housekeeping, renovated public area bathrooms, additional washer and dryers and the walkway fountain was changed to a landscaped garden
- Major projects for the remainder of this year include the ten-year re-sealing and painting of the exterior façade, public area ice machine, added chaise lounges and umbrellas around the pool deck, improvement of exterior lighting and elevator cab refurbishment.
- Efforts continue in the annual reduction of energy consumption per room night; the property is using heat wheels to the full capacity, added window treatments in the lobby and hallway corridors, installed water-flow restriction devices, installed new energy-efficient appliances, changed lighting to LED, installed timers on all exterior lights as well as waterfalls and fountains, recycling back-of-the-house cardboard, paper, and glass.

FINANCIAL REPORT

Mrs. Pericolosi informed Owners that the owner-based Finance Committee has been working diligently on the budget along with the property’s Director of Finance.

Ms. Pericolosi called upon Ricardo Vrolijk to present the Financial Report. Highlights included:

- 2009 overview of finishing the year \$1,714, 250 under budget due to major savings on utilities, labor, concierge, housekeeping, recreation and activities.
- A graph of the Electric and Water rates over the past few years was reviewed depicting the wide swings in costs.
- Year-to-date expenses are down to forecast but major risk factors included utility spikes and hurricane season.

VOTING RESULTS

Mr. Knox called on the Inspector of Election, Scott Derrickson, to give the Tellers Report. Scott Derrickson read the Tellers Report.

Candidates	Votes Received by Limited Proxy	Votes Received During Meeting	Total
<u>A-Members:</u>			
Thomas Bonville	1860	148	2,008
James Fanning	1858	146	2,004
Melissa Pericolosi	3986	74	4,060
Stevan Richards	3572	70	3,642

Mr. Knox re-read the Tellers Report and announced that Melissa Pericolosi and Stevan Richards were elected as A-Member Directors each to serve a three-year term.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

Announcement of 2011 Annual Meeting Date

Mr. Knox announced that according to the Bylaws the date for the 2011 Annual Meeting is scheduled for May 20, 2011.

Allan Cohen informed the Board of new business items.

A motion was made by Allan Cohen that the Question and Answer session be moved from after the adjournment of the meeting to New Business so that it would be recorded in the minutes. The motion was seconded by Mike Besser, Owner. The motion failed by a vote of 1,472 “For” and 6,060 “Against”.

Troy Asche made the recommendation that the Question and Answer session be attached to the minutes as an addendum and be posted on the Association’s website so that is available for Owners.

A motion was made by Allan Cohen to recommend to the Board of Directors that they authorize placing on the 2011 Annual Meeting Agenda a motion to amend the nomination process Bylaws Article VI Section 6.2 which would enable any Owners name to be placed in nomination for any vacancies on the Aruba Ocean Club Board of Directors if supported by written communication including e-mails from Owners representing a minimum of 50 Owner weeks at the Aruba Ocean Club. The motion was seconded by Leonard Kennedy. The motion failed by a vote of 1,422 “For” and 4,582 “Against”.

A motion was made by Allan Cohen to recommend to the Board of Directors that they authorize placing on the 2011 Annual Meeting Agenda a motion that a proposed Bylaws amendment be presented to Owners which will insure that increases in total yearly fees billed to Owners including maintenance fees, reserves, assessments, utility/storm recovery, special charges or any other costs cannot be increased in excess of a total of 7.5% from the prior year without a majority vote of all the A-members. The motion failed by a vote of 1,390 “For” and 6,124 “Against”.

A motion was made by Leonard Kennedy that the Bylaws be amended to state that any Director serving on the Aruba Ocean Club Board of Directors cannot serve on a Board of another MVCI property. The motion was ruled out of order by Frank Knox because any proposed amendment to the Bylaws must be included in the notice of the meeting. There was no Bylaw amendment included in the notice of the meeting. Leonard Kennedy then requested that it be at least considered by the Board; Frank Knox affirmed that they Board will consider the request.

ADJOURNMENT

There being no further business to come before the meeting, a motion was made by Steve Richards to adjourn the meeting. The motion was seconded by Melissa Pericolosi and unanimously carried. The meeting adjourned at 12:22 p.m., Eastern Standard Time.

These minutes are subject to approval at the 2010 Annual Meeting